

Industry Circular



Internal Revenue Service

Alcohol, Tobacco and Firearms Division
Washington, D.C. 20224

Industry Circular No. 71-8

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TRANSFER OF IMPORTED SPIRITS TO INTERNAL REVENUE BONDED PREMISES

Proprietors of distilled spirits
plants and others concerned:

This circular is issued to inform you of the provisions of a revenue procedure which will soon be published in the Internal Revenue Bulletin, and will announce procedures whereby designated Internal Revenue Officers may assume the duties of Customs Officers in releasing bulk spirits from customs custody on transfer to internal revenue bonded premises. The revenue procedure will read substantially as follows:

SECTION 1. PURPOSE.

The purpose of this Revenue Procedure is to announce a plan whereby Alcohol, Tobacco and Firearms Inspectors (On-Premises) may assume certain duties of Customs Inspectors relative to the release of bulk imported spirits (including Virgin Islands spirits to be released pursuant to section 5232 of the Internal Revenue Code of 1954, as amended by Public Law 91-659, I.R.B. 1971-10, 28) from customs custody and transfer to the bonded premises of a distilled spirits plant.

SEC. 2. BACKGROUND.

.01 Section 5232 of the Code relating to transfer of spirits from customs to internal revenue bond was amended by Public Law 90-630 (C.B. 1968-2, 772) effective February 1, 1969, to provide in substance that (1) imported distilled spirits in bulk may be withdrawn from customs custody and transferred to the bonded premises of a distilled spirits plant without payment of internal revenue tax, (2) the person operating the bonded premises of the distilled spirits plant to which such spirits are transferred becomes liable for the internal revenue tax on spirits withdrawn from customs custody when the spirits have been released from customs custody, and (3) upon release, the importer is relieved of liability for the tax.

.02 The provisions of 26 CFR 201.175a were concurrently amended by T.D. 7002, to allow the bulk imported spirits to remain on bonded premises after curtailment and extension of gauging and storage facilities to allow gauge by customs officers.

.03 While the revision of law and regulations eased restrictions on transferring imported spirits from customs to internal revenue custody, there remained a need for more efficient procedures respecting such transfers. Consequently, officials of the Bureau of Customs and the Alcohol, Tobacco and Firearms Division have developed a plan whereby duplicate gauges by customs and internal revenue, and the paperwork involved in alternating gauging and storage facilities between internal revenue bond and customs bond, may be eliminated.

.04 Under the plan and on the request of a distilled spirits plant proprietor, Inspectors (On-Premises) will be authorized to act as Customs Inspectors in performance of the duties described in section 4, below.

.05 The procedure will apply only if (1) spirits are to be released from customs custody to internal revenue bonded premises under the Bureau of Customs immediate delivery procedure, (2) such release is to take place at the internal revenue bonded premises, and (3) the spirits to be released are in bulk quantities, i.e., barrels, casks, sealand containers, tank cars, tank trucks, etc.

SEC. 3. IMMEDIATE DELIVERY PROCEDURE.

.01 Under the immediate delivery procedure the importer must file an application for immediate delivery, together with a bond, with the Port Director of Customs. The immediate delivery application filed by the importer may cover a single shipment or all shipments for a one-year period. In the latter case, the application is called an annual immediate delivery permit. Release of the merchandise under immediate delivery always requires the filing of other documents (invoices, carrier's certificate, etc.) with the Customs Officer at the place where the transfer is to be made.

.02 The immediate delivery procedure does not constitute entry, but does allow distilled spirits to be released from customs custody and transferred to internal revenue custody. The designated Inspectors (On-Premises) will not receive formal customs entries but will receive only those papers necessary to release and transfer the shipment under the immediate delivery procedure. There will be no change in procedures for accomplishment of formal customs entry for the spirits under the immediate delivery procedure.

SEC. 4. DUTIES OF DESIGNATED OFFICERS.

.01 The customs duties to be performed by the designated Inspectors (On-Premises) are as follows:

- (a) Acceptance of in-bond documents.
- (b) Examination of customs seals and supervision of removal of seals.
- (c) Supervision of sampling by the importer.
- (d) Supervision of unloading.
- (e) Acceptance of immediate delivery permit and invoices.
- (f) Taking of customs samples.
- (g) Gauging.
- (h) Release from customs custody for transfer to internal revenue custody.
- (i) Performance of other duties incidental to the receipt, unloading, gauging, and release of distilled spirits.
- (j) Completion of documents incidental to the performance of the functions specified.

SEC. 5. RESPONSIBILITIES OF PROPRIETORS.

Proprietors who wish to participate in the plan must have suitable facilities and arrange their operations so that the designated officers are not required to work overtime in performance of the additional duties.

Inquiries regarding this circular, including requests to establish the procedure described, should refer to its number and be addressed to your Assistant Regional Commissioner, Alcohol, Tobacco and Firearms.



Rex D. Davis, Director
Alcohol, Tobacco and Firearms Division